

TRANSIT FUNDING 101

Transit Funding 101

A Concise Guide to Public Transportation Funding in Idaho

Funding for public transportation in Idaho is used for three things:

1. Buying vehicles and other capital improvements
2. Operating vehicles and administering services
3. Planning related to public transportation

This funding comes from three sources:

- **Local** funding comes from a variety of sources including for example fare boxes, general fund appropriations (i.e., Local property tax or other tax), and donations of money and volunteer time. Typically, local funding is used as the match required to access federal funds, though the local match can not include fare box revenue. More information about local match is found below.
- **State** funding is extremely limited. The Idaho Transportation Department has an annual budget of almost \$450 million and spends \$312,000 per year on a program created in 1999 called the Vehicle Investment Program (or VIP). This money is used to help buy vehicle for rural transit providers and special providers like senior centers. This amount is limited because much of ITD's funding comes from the state gas tax. This revenue can not be used for public transportation. Also, neither the department nor the legislature has made funding for public transportation a high priority. At last count, Idaho is one of six states that do not have a dedicated source of transit funding.
- **Federal** funding for public transportation seriously increased in the 1980's and again in the 1990's. Across the country, ridership has risen with this increased investment. All federal funding for public transportation goes through the Federal Transit Administration (funding for roads goes through the Federal Highway Administration). The Intermodal Surface Transportation and Efficiency Act (ISTEA) passed in 1991 and TEA-21 passed in 1998 continued the separate transit funding programs outlined below. The number 59 refers to the chapter in the U.S. Code that authorizes these programs.

✚ **Metropolitan Planning – 5303 Program.** These planning funds only go to the state's six urbanized areas (areas with 50,000 population or more) and are distributed based on the population of each area.

✚ **Urbanized Area Formula Program – 5307 Program.** Again, only urbanized areas receive these funds. These funds can be used for planning, operations, and capital purchase, at the discretion of the urbanized areas. This is the program that stipulated urbanized areas over 200,000 population can not use this funding for operating expenses. With the Boise urbanized area population surpassing 200,000 with the 2000 Census, our transit system may lose significant federal dollars that have been used for operating expenses for many years.

- ✚ **Demonstration Funds – 5309 Program.** This is “discretionary” funding that the Idaho delegation has successfully earmarked in the annual appropriations process for three consecutive years. No 5309 funds came to Idaho until the ITD Division of Public Transportation, transit providers, and congressional staff got together in 1999 to figure out how to bring forth requests for funds. The delegation has been supportive of subsequent request from the Idaho Transit Coalition ever since because it relieves the delegation of the unpleasant task of choosing between competing earmark requests from individual transit providers.
- ✚ **Elderly and Persons with Disabilities Program – 5310 Program.** Funding is allocated to the state and is distributed based on elderly and disabled populations in the state. The funds may be used for capital acquisitions for private nonprofit organizations or public agencies that provide public transportation to the elderly and persons with disabilities.
- ✚ **Nonurban Area Formula Program – 5311 Program.** This is the small city and rural equivalent of the 5307 Program. Like 5307, funds can be used for capital, operations, administration, and planning costs.
- ✚ **Intercity Bus Service – 5311(f) Program.** This program can only be used to provide public transportation to connect small cities and rural areas with nation public transportation services (e.g. Greyhound). Funds available represent 15% of the total funding of the 5311 Program.
- ✚ **Rural Transit Assistance Programs (RTAP) – 5311(h) Program.** Funding used by the state for transit research, technical assistance, training, and related support services to assist Section 5311 rural transit providers.
- ✚ **State Planning and Research – 5313 Program.** These funds are allocated to the state and used to perform statewide transit planning and assistance.
- ✚ **Congestion Mitigation and Air Quality (CMAQ).** These funds are Federal Highway Administration funds allocated to the state for projects that improve air quality—including but not limited to public transportation. Any government entity in the state is eligible for CMAQ funds but most funding goes to areas where air quality concerns are greatest.
- ✚ **Job Access and Reverse Commute Program (JARC).** A newer program authorized in TEA-21 to provide transportation in partnership with the welfare to work initiatives around the country. Used extensively in more urban states but generally not in Idaho. Pocatello has completed the required JARC plan to establish eligibility, but has thus far not received funding.
- ✚ **Surface Transportation Program (STP) Flexible Funds.** Perhaps the least known but also difficult to achieve opportunity to increase transit funding. The STP is the primary source of federal funding for road improvement projects. They can also be used for transit if deemed appropriate by the Idaho Transportation Department. To date, the IT Board has not approved use of significant STP funds for transit because Idahoans are not asking them to do so and because doing so requires diverting money away from road improvement projects.

The Match Game

Three percentages are important to know:

- **7.34%** is the local match required for CMAQ, STP, and road improvement projects in general. This percentage is low due to the large proportion of land in Idaho that in federal ownership. CMAQ has been a popular program for transit providers because of this attractive match rate. Local match for federal transit funding does not enjoy such a favorable match.
- **20%** is generally the local match for transit funding used for **capital, planning, and administrative** expenses.
- **50%** is generally the local match required for **operating** expenses.

Public transportation in small cities and rural areas have more flexibility when it comes to meeting match requirements. They can count time donated by volunteer drivers, for example, as part of the local match. They can also use other non-transportation related federal funding as match. In contrast, local match in urban areas must come from local governments.

The Players

- **Idaho Task Force on Public Transportation** – a task force was created in mid 2003 and is currently studying options for increasing transit funding in Idaho.
- **Interagency Working Group** – mission is to “provide leadership in coordinating safe, efficient and accessible public transportation services to Idaho.” Members include representatives from the Idaho Transportation Department, Division of Medicaid, Community Transportation Association of Idaho, Commission on Aging, Department of Health and Welfare, Division of Vocational Rehabilitation, Department of Labor, Department of Education, Council on Developmental Disabilities, Friends of Children and Families, Inc., and the Office of the Governor.
- **Public Transit Advisory Council (PTAC)** – members are appointed by the Idaho Transportation Board and come from all 6 regions of the state. The PTAC reviews funding recommendations from staff and provides recommendations to the Idaho Transportation Department regarding public transportation needs.
- **Community Transportation Association of Idaho** – membership organization made up of rural and urban area transit providers across the state. (www.ctai.org)
- **ITD Division of Public Transportation** – the Division at ITD that provides assistance to transit providers related to federal funding and otherwise works to improve public transportation.

Information supplied by Idaho Smart Growth

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